

105TH CONGRESS
2D SESSION

H. R. 3568

To amend the Public Health Service Act, Employee Retirement Income Security Act of 1974, and the Internal Revenue Code of 1986 to prohibit group and individual health plans from imposing treatment limitations or financial requirements on the coverage of mental health benefits and on the coverage of substance abuse and chemical dependency benefits if similar limitations or requirements are not imposed on medical and surgical benefits.

IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 1998

Mrs. ROUKEMA (for herself, Mr. DEFazio, Mr. WISE, Mrs. MORELLA, Mr. SHAYS, and Mr. STRICKLAND) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on Education and the Workforce, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Public Health Service Act, Employee Retirement Income Security Act of 1974, and the Internal Revenue Code of 1986 to prohibit group and individual health plans from imposing treatment limitations or financial requirements on the coverage of mental health benefits and on the coverage of substance abuse and chemical dependency benefits if similar limitations or requirements are not imposed on medical and surgical benefits.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Mental Health and
5 Substance Abuse Parity Amendments of 1998”.

6 **SEC. 2. REVISION IN LIMITS APPLIED TO MENTAL HEALTH**
7 **BENEFITS.**

8 (a) APPLICATION TO GROUP HEALTH PLANS AND
9 GROUP HEALTH INSURANCE UNDER ERISA.—

10 (1) EXPANSION TO COVER TREATMENT LIMITA-
11 TIONS AND FINANCIAL REQUIREMENTS GEN-
12 ERALLY.—Section 712 of the Employee Retirement
13 Income Security Act of 1974 (29 U.S.C. 1185a) is
14 amended—

15 (A) in the heading, by striking “**CER-**
16 **TAIN**”;

17 (B) by amending subsections (a) and (b) to
18 read as follows:

19 “(a) IN GENERAL.—In the case of a group health
20 plan (or health insurance coverage offered in connection
21 with such a plan) that provides both medical and surgical
22 benefits and mental health benefits, such plan or coverage
23 shall not impose treatment limitations or financial require-
24 ments on the coverage of mental health benefits if similar
25 limitations or requirements are not imposed on coverage

1 of medical and surgical benefits in comparable settings
2 (including inpatient and outpatient settings).

3 “(b) CONSTRUCTION.—Nothing in this section shall
4 be construed—

5 “(1) as prohibiting a group health plan (or
6 health insurance coverage offered in connection with
7 such a plan) from—

8 “(A) negotiating separate reimbursement
9 rates and service delivery systems for different
10 benefits; or

11 “(B) managing the provision of benefits
12 through the use of pre-admission screening,
13 prior authorization of services, and other mech-
14 anisms designed to limit coverage of items and
15 services to those deemed to be medically nec-
16 essary;

17 “(2) as requiring a group health plan (or health
18 insurance coverage offered in connection with such a
19 plan) to provide any specific mental health benefits;
20 or

21 “(3) as preventing a group health plan or
22 health insurance issuer applying subsection (a) with-
23 out regard to benefits for preventive care.”; and

24 (C) in subsection (e), by striking para-
25 graphs (1) and (2) and inserting the following:

1 “(1) TREATMENT LIMITS.—The term ‘treat-
 2 ment limits’ means limits on the frequency of treat-
 3 ment, number of visits, or other limits on the scope
 4 and duration of treatment, as covered by a group
 5 health plan (or health insurance coverage offered in
 6 connection with such a plan). Such term does not in-
 7 clude limits on benefits or coverage based solely on
 8 medical necessity.

9 “(2) FINANCIAL LIMITS.—The term ‘financial
 10 requirements’ means copayments, deductibles, out-
 11 of-network charges, out-of-pocket contributions or
 12 fees, annual limits, and lifetime aggregate limits im-
 13 posed on covered individuals.”.

14 (2) ELIMINATION OF COST EXEMPTION.—Such
 15 section is further amended by striking paragraph (2)
 16 of subsection (c).

17 (3) ELIMINATION OF SUNSET.—Such section is
 18 further amended by striking subsection (f).

19 (c) APPLICATION TO GROUP HEALTH PLANS UNDER
 20 THE INTERNAL REVENUE CODE OF 1986.—

21 (1) EXPANSION TO COVER TREATMENT LIMITA-
 22 TIONS AND FINANCIAL REQUIREMENTS GEN-
 23 ERALLY.—Section 9812 of the Internal Revenue
 24 Code of 1986 (relating to parity in the application

1 of certain limits to mental health benefits) is amend-
2 ed—

3 (A) in the heading, by striking “**CER-**
4 **TAIN**”;

5 (B) by amending subsections (a) and (b) to
6 read as follows:

7 “(a) **IN GENERAL.**—In the case of a group health
8 plan that provides both medical and surgical benefits and
9 mental health benefits, such plan shall not impose treat-
10 ment limitations or financial requirements on the coverage
11 of mental health benefits if similar limitations or require-
12 ments are not imposed on coverage of medical and surgical
13 benefits in comparable settings (including inpatient and
14 outpatient settings).

15 “(b) **CONSTRUCTION.**—Nothing in this section shall
16 be construed—

17 “(1) as prohibiting a group health plan from—

18 “(A) negotiating separate reimbursement
19 rates and service delivery systems for different
20 benefits; or

21 “(B) managing the provision of benefits
22 through the use of pre-admission screening,
23 prior authorization of services, and other mech-
24 anisms designed to limit coverage of items and

1 services to those deemed to be medically nec-
2 essary;

3 “(2) as requiring a group health plan to provide
4 any specific mental health benefits; or

5 “(3) as preventing a group health plan applying
6 subsection (a) without regard to benefits for preven-
7 tive care.”; and

8 (C) in subsection (e), by striking para-
9 graphs (1) and (2) and inserting the following:

10 “(1) TREATMENT LIMITS.—The term ‘treat-
11 ment limits’ means limits on the frequency of treat-
12 ment, number of visits, or other limits on the scope
13 and duration of treatment, as covered by a group
14 health plan. Such term does not include limits on
15 benefits or coverage based solely on medical neces-
16 sity.

17 “(2) FINANCIAL LIMITS.—The term ‘financial
18 requirements’ means copayments, deductibles, out-
19 of-network charges, out-of-pocket contributions or
20 fees, annual limits, and lifetime aggregate limits im-
21 posed on covered individuals.”.

22 (2) ELIMINATION OF COST EXEMPTIONS.—Such
23 section is further amended by striking paragraph (2)
24 of subsection (c).

1 (3) ELIMINATION OF SUNSET.—Such section is
 2 further amended by striking subsection (f).

3 (4) CLERICAL AMENDMENT.—The item relating
 4 to section 9812 in the table of sections of subchapter
 5 B of chapter 100 of the Internal Revenue Code of
 6 1986 is amended by striking “certain”.

7 (d) APPLICATION TO INDIVIDUAL HEALTH INSUR-
 8 ANCE.—Part B of title XXVII of the Public Health Serv-
 9 ice Act, as amended by section 605(a) of Public Law 104–
 10 204, is amended by inserting after section 2751 the follow-
 11 ing new section:

12 **“SEC. 2752. PARITY IN THE APPLICATION OF LIMITS TO**
 13 **MENTAL HEALTH BENEFITS.**

14 “The provisions of section 2705 shall apply to health
 15 insurance coverage offered by a health insurance issuer
 16 in the individual market in the same manner as they apply
 17 to health insurance coverage offered by a health insurance
 18 issuer in connection with a group health plan.”.

19 (e) EFFECTIVE DATES.—

20 (1) GROUP HEALTH PLANS.—

21 (A) IN GENERAL.—Subject to subpara-
 22 graph (B), the amendments made by sub-
 23 sections (a), (b), and (c) shall apply with re-
 24 spect to group health plans for plan years be-
 25 ginning on or after July 1, 1999.

1 (B) In the case of a group health plan
2 maintained pursuant to 1 or more collective
3 bargaining agreements between employee rep-
4 resentatives and 1 or more employers ratified
5 before the date of enactment of this Act, the
6 amendments made by subsections (a), (b), and
7 (c) shall not apply to plan years beginning be-
8 fore the later of—

9 (i) the date on which the last collec-
10 tive bargaining agreements relating to the
11 plan terminates (determined without re-
12 gard to any extension thereof agreed to
13 after the date of the enactment of this
14 Act), or

15 (ii) July 1, 1999.

16 For purposes of clause (i), any plan amendment
17 made pursuant to a collective bargaining agree-
18 ment relating to the plan which amends the
19 plan solely to conform to any requirement
20 added by subsection (a), (b), or (c) shall not be
21 treated as a termination of such collective bar-
22 gaining agreement.

23 (2) INDIVIDUAL HEALTH INSURANCE COV-
24 ERAGE.—The amendment made by subsection (d)
25 shall apply with respect to health insurance coverage

13 SEC. 3. PARITY IN THE APPLICATION OF LIMITS TO SUB-
14 STANCE ABUSE AND CHEMICAL DEPEND-
15 ENCY BENEFITS.

(1) IN GENERAL.—Part 7 of subtitle B of title II of the Employee Retirement Income Security Act of 1974 is amended by inserting after section 712 the following new section:

1 **“SEC. 713. PARITY IN THE APPLICATION OF LIMITS TO SUB-**
2 **STANCE ABUSE AND CHEMICAL DEPEND-**
3 **ENCY BENEFITS.**

4 “The provisions of section 712 shall apply to benefits
5 with respect to treatment of substance abuse or chemical
6 dependency in the same manner as they apply to mental
7 health benefits.”.

8 (2) CLERICAL AMENDMENT.—The table of con-
9 tents in section 1 of such Act is amended by insert-
10 ing after the item relating to section 712 the follow-
11 ing new item:

“Sec. 713. Parity in the application of limits to substance abuse and chemical
dependency benefits.”.

12 (b) APPLICATION TO GROUP HEALTH PLANS AND
13 HEALTH INSURANCE ISSUERS UNDER THE PUBLIC
14 HEALTH SERVICE ACT.—Title XXVII of the Public
15 Health Service Act is amended by inserting after section
16 2705 the following new section:

17 **“SEC. 2706. PARITY IN THE APPLICATION OF LIMITS TO**
18 **SUBSTANCE ABUSE AND CHEMICAL DEPEND-**
19 **ENCY BENEFITS.**

20 “The provisions of section 2705 shall apply to bene-
21 fits with respect to treatment of substance abuse or chemi-
22 cal dependency in the same manner as they apply to men-
23 tal health benefits.”.

1 (c) APPLICATION TO GROUP HEALTH PLANS UNDER
2 THE INTERNAL REVENUE CODE OF 1986.—

3 (1) IN GENERAL.—Subchapter B of chapter
4 100 of the Internal Revenue Code of 1986 is amend-
5 ed by adding at the end the following new section:

6 **“SEC. 9813. PARITY IN THE APPLICATION OF LIMITS TO**
7 **SUBSTANCE ABUSE AND CHEMICAL DEPEND-**
8 **ENCY BENEFITS.**

9 “The provisions of section 9812 shall apply to bene-
10 fits with respect to treatment of substance abuse or chemi-
11 cal dependency in the same manner as they apply to men-
12 tal health benefits.”.

13 (2) CLERICAL AMENDMENT.—The table of sec-
14 tions for such subchapter is amended by adding at
15 the end the following new item:

“Sec. 9813. Parity in the application of limits to substance abuse
and chemical dependency benefits.”.

16 (d) APPLICATION TO INDIVIDUAL HEALTH INSUR-
17 ANCE COVERAGE UNDER THE PUBLIC HEALTH SERVICE
18 ACT.—Part B of title XXVII of the Public Health Service
19 Act, as amended by section 2(d), is amended by inserting
20 after section 2751 the following new section:

21 **“SEC. 2753. PARITY IN THE APPLICATION OF LIMITS TO**
22 **MENTAL HEALTH BENEFITS.**

23 “The provisions of section 2752 shall apply to bene-
24 fits with respect to treatment of substance abuse or chemi-

1 cal dependency in the same manner as they apply to men-
2 tal health benefits.”.

3 (e) EFFECTIVE DATES.—

4 (1) GROUP HEALTH PLANS.—

5 (A) IN GENERAL.—Subject to subpara-
6 graph (B), the amendments made by sub-
7 sections (a), (b), and (c) shall apply with re-
8 spect to group health plans for plan years be-
9 ginning on or after July 1, 1999.

10 (B) In the case of a group health plan
11 maintained pursuant to 1 or more collective
12 bargaining agreements between employee rep-
13 resentatives and 1 or more employers ratified
14 before the date of enactment of this Act, the
15 amendments made by subsections (a), (b), and
16 (c) shall not apply to plan years beginning be-
17 fore the later of—

18 (i) the date on which the last collec-
19 tive bargaining agreements relating to the
20 plan terminates (determined without re-
21 gard to any extension thereof agreed to
22 after the date of the enactment of this
23 Act), or

24 (ii) July 1, 1999.

1 For purposes of clause (i), any plan amendment
2 made pursuant to a collective bargaining agree-
3 ment relating to the plan which amends the
4 plan solely to conform to any requirement
5 added by subsection (a), (b), or (c) shall not be
6 treated as a termination of such collective bar-
7 gaining agreement.

8 (2) INDIVIDUAL HEALTH INSURANCE COV-
9 ERAGE.—The amendment made by subsection (d)
10 shall apply with respect to health insurance coverage
11 offered, sold, issued, renewed, in effect, or operated
12 in the individual market on or after July 1, 1999.

○